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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* KYLE RAY BROWN

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Appeal 2009-002341  
Application 10/064,066  
Technology Center 3600

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Decided: January 11, 2010

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Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and BIBHU R.  
MOHANTY, *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

## STATEMENT OF THE CASE

The Appellant seeks our review under 35 U.S.C. § 134 (2002) of the final rejection of claims 1-18 and 28-36 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF THE DECISION

We REVERSE.

## THE INVENTION

The Appellant's claimed invention is directed to method and system for a discount debit card (Title). Claim 1, reproduced below with added bracketing, is representative of the subject matter of appeal.

1. A system for operating a discount debit card plan for processing of an eCard holder transaction by using a discount plan provider system responsive to a merchant's eCard holder related transaction data, crediting the merchant with the transaction amount reduced by a merchant discount and debiting the eCard holder with the transaction amount reduced by an eCard holder discount, and crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates, comprising,

a discount debit plan provider terminal containing data indicative of a discount debit card plan for use by participating merchants and for application to transactions with a discount debit plan provider's authorized eCard;

a participating merchant terminal with merchant identifying data;

said discount debit plan provider eCard with eCard data, including eCard holder identifying data; a telecommunications network connecting said discount debit plan provider terminal and said merchant terminal for transmitting data between said terminals;

said merchant terminal responsive to said eCard data and to transaction data related to a transaction made between said participating merchant and said eCard holder for transmitting said transaction data to said discount debit plan provider's terminal;

[1] said discount debit plan provider's terminal responsive to said transaction data for crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said participating merchant's discount and debiting said eCard holder's account with a eCard holder's discounted amount represented by said transaction amount reduced by said eCard holder's discount.

### THE REJECTIONS

The Examiner relies upon the following as evidence in support of the rejections:

Harris	US 6,014,635	Jan. 11, 2000
Peirce	US 6,332,126 B1	Dec. 18, 2001
Barbara	US 2003/0105710 B1	Jun. 5, 2003

The following rejections are before us for review:

1. Claims 1-6, 8-15, 17-18, 28-32, and 34-36 are rejected under 35 U.S.C. § 103(a) as unpatentable over Harris and Peirce.
2. Claims 7, 16, and 33 are rejected under 35 U.S.C. § 103(a) as unpatentable over Harris, Peirce, and Barbara.

### THE ISSUE

At issue is whether the Appellant has shown that the Examiner erred in making the aforementioned rejections.

This issue turns on whether Harris and Peirce disclose claim limitation [1] identified above.

### FINDINGS OF FACT

We find the following enumerated findings of fact (FF) are supported at least by a preponderance of the evidence:<sup>1</sup>

FF1. Harris discloses a system for providing a discount credit network (Title).

FF2. Harris discloses that a discount authorization processor is connected to the discount credit network and a database containing membership numbers and the associated transaction card accounts. The discount authorization processor is operatively connected to receive discount authorization requests from authorized merchants, correlate such requests, and issue a transaction request to that transaction card user. Upon receiving the signal the merchant then applies the discount to the transaction whereby the participant receives the discount (Abstract).

FF3. Peirce discloses a computer based targeted payment system discount program (Title).

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<sup>1</sup> See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

FF4. Peirce discloses that discounts are automatically applied during the processing of the qualifying purchase without the need for coupons or additional actions by either the merchant or consumer (Abstract).

FF5. Peirce at Col. 1:50-2:34 and 13:42-55 fails to expressly disclose a “merchant discount” that is separate from any “eCard holder discount”.

### PRINCIPLES OF LAW

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” *id.* at 415-16, and discussed circumstances in which a patent might be determined to be obvious. In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of

*Hotchkiss*, 11 How. 248.” KSR, 550 U.S. at 415, (citing *Graham*, 383 U.S. at 12), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.* at 416. The Court also stated “[i]f a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” *Id.* at 417. The operative question in this “functional approach” is thus “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

The Court noted that “[t]o facilitate review, this analysis should be made explicit.” *Id.* at 418 (citing *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”). However, “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.*

## ANALYSIS

The Appellant argues that the rejection of claim 1 is improper because Peirce fails to disclose claim limitation [1] (Reply Br. 9).

In contrast the Examiner has determined that the cited limitation is shown by Peirce at Col. 1:65-2:5 (Ans. 6).

We agree with the Appellant. Claim 1 requires in part:

[1] said discount debit plan provider's terminal responsive to said transaction data for crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said *participating merchant's discount* and debiting said eCard holder's account with a eCard holder's discounted amount represented by said transaction amount reduced by *said eCard holder's discount*.

We begin with claim construction and note that claim 1 requires *both* a “*merchant discount*” and an “*eCard holder discount*”. The distinction between the “*merchant discount*” and an “*eCard holder discount*” is further drawn by the recitation in claim 1 for “*crediting the difference between the merchant discount and the card holder discount as at least one fee to the discount debit card plan provider or its affiliates*”.

The Examiner has agreed that Harris does not expressly disclose the “discount debit plan providers terminal responsive to said transaction data for crediting said merchant's account with a merchant's discounted amount represented by said full transaction amount reduced by said *participating merchant's discount*” (Ans. 6, emphasis added). The Examiner has asserted instead that this is suggested in the combination of references because Peirce utilizes merchant discounts within a credit transaction network to target offers deemed valuable to respective cardholders at Col. 1:65-2:5 (Ans. 6) and Col. 1:50-2:34 (Ans. 13). In contrast we find that Peirce at Col. 1:50-2:34 fails to expressly disclose any “merchant discount” that is separate from an “eCard holder discount” (FF5) and thus the combination of Harris and Peirce fails to disclose limitation [1] as claim 1 requires.

Further, there is no articulated reasoning with rational underpinning to show why it would have been obvious to modify the systems of both Harris



and Peirce to meet the specific requirements of claim limitation [1] to support the legal conclusion of obviousness.

For these reasons the rejection of claim 1, as well as dependent claims 2-9, is not sustained. The Appellant has argued for the same limitations in claims 10 and 28, and the rejection of these claims, as well as their dependent claims 11-18 and 29-36 is not sustained for these same reasons.

### CONCLUSIONS OF LAW

We conclude that Appellant has shown that the Examiner erred in rejecting claims 1-6, 8-15, 17-18, 28-32, and 34-36 under 35 U.S.C. § 103(a) as unpatentable over Harris and Peirce.

We conclude that Appellant has shown that the Examiner erred in rejecting claims 7, 16, and 33 under 35 U.S.C. § 103(a) as unpatentable over Harris, Peirce, and Barbara.

### DECISION

The Examiner's rejection of claims 1-18 and 28-36 is reversed.

### REVERSED

MP

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